



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
RESEARCH, DEVELOPMENT AND ACQUISITION  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

26 Jul 1996

MEMORANDUM FOR DISTRIBUTION

SUBJ : NEW STATUTORY REQUIREMENTS FOR PAYMENT BY ELECTRONIC  
FUNDS TRANSFER

Encl: (1) OUSD DP (DAR) memo of 25 July 1996

Enclosure (I.) is forwarded for immediate implementation. It states that, in order to comply with a recently enacted statutory requirement codified at 31 U.S.C. 3332, contracting officers should immediately begin including the clause at FAR 52.232-28, Electronic Funds Transfer Payment Methods, in all solicitations issued on or after 26 July 1996, with limited exceptions.

For purposes of implementing enclosure (1), please note the following:

1) The exceptions to the requirement do not include purchases under the simplified acquisition threshold or purchases of commercial items, per se. Thus, FAR 52.232-28 should be included in such contracts, unless they meet one of the exceptions.

2) FAR 52.232-28 specifies that the contractor "shall designate a financial institution for receipt of electronic funds transfer payments, and shall submit this designation to the Contracting Officer or other Government official, as directed" (emphasis added). To ensure prompt payment requirements are met and reduce internal administrative burdens, contracting officers should, whenever feasible, direct contractors to submit such designations directly to the Government payment office named in the contract.

3) We will forward the code referred to in the third paragraph of enclosure (1), along with any related guidance concerning its use, as soon as we receive it.

*Elliott B Branch*

Elliott B. Branch  
Executive Director  
Acquisition & Business  
Management



ACQUISITION AND  
TECHNOLOGY

DP/CPF

# OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON DC 20301-3000



July 25, 1996

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES  
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,  
ASN(RDEA)ABM  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING)  
DEPUTY, PROCUREMENT POLICY, ASA(RDEA)/SARD-PP  
DEPUTY DIRECTOR (ACQUISITION), DEFENSE LOGISTICS  
AGENCY

SUBJECT: New Statutory Requirement for Payment By Electronic  
Funds Transfer

Section 3332 of Title 31, United States Code, as amended by Public Law 104-134 (Omnibus Consolidated Recession and Appropriations Act of 1996, and Debt Collection Improvement Act of 1996), requires certain contract payments be made by Electronic Funds Transfer (EFT). This requirement will apply to payments made under most new contracts resulting from solicitations issued on or after July 26, 1996. This requirement is part of a larger statutory requirement that payments to many new federal beneficiaries, employees and retirees be made by EFT.

Department of Treasury and acquisition regulations are being developed. However, pending completion and approval of those regulations, contracting offices should immediately begin including the clause at 52.232-28, Electronic Funds Transfer Payment Methods, in all solicitations issued on or after July 26, 1996, and, in resulting contracts which:

- (1) will not be paid through use of the Governmentwide commercial purchase card,
- (2) are issued by contracting officers within the United States, and Puerto Rico, and
- (3) are denominated and paid in United States Dollars.

A code is being assigned to indicate that payment is to be made by EFT. Contracting officers shall ensure that this code is affixed to awards resulting from the above solicitations issued on or after July 26, 1996, indicating that payment is to be made by EFT. This code will be provided by separate cover.

ENCLOSURE

The absence of contractual terms for EFT in a contract will not waive the statutory requirement that payment be made by EFT for contracts subject to the law "

The statute provides that the Government shall pay by means other than EFT if the recipient of a federal payment certifies in writing that the recipient does not have an account with a financial institution or payment agent. These certifications shall be submitted by the contractor directly to the cognizant payment office, in lieu of the EFT information required by the clause.

If you have any questions please contact Mr. John Galbraith:  
USD(A&T)/DP/CPF, (Voice: (703) 697-6710, FAX: (703) 614-1254, E-  
Mail: Galbraith@ACC.OSD.MIL).

*Eleanor R. Spector*

Eleanor R. Spector  
Director, Defense prQCUZem@nt